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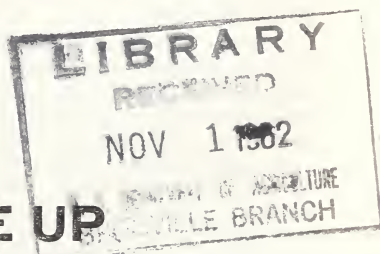


# Agricultural Situation

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## FALL FARROWINGS IN 10 STATES MAY BE UP 4 PERCENT FROM 1961

Early fall farrowings (September–November) in the 10 leading Corn Belt States are 4 percent more than in 1961. Farmer's intentions indicate that farrowings during the late fall and winter quarters (December–February) will also be 4 percent more than a year earlier.

The number of sows farrowed or intended to farrow in the fall of 1962 (June–November) in the 10 Corn Belt States (Ohio, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, South Dakota, Nebraska, and Kansas) is estimated at 4,643,000 head. This is 4 percent more than in 1961—7 percent more



than during 1960, and 20 percent more than the 1951-60 average. Sows farrowed and expected to farrow in June through November are above a year earlier in all 10 of these States. Increases range from 1 percent in Wisconsin to 14 percent in South Dakota. Other increases are: Ohio and Nebraska, each 2 percent; Illinois and Indiana, each 3 percent; Iowa and Minnesota, each 4 percent; 6 percent in Missouri; and 7 percent in Kansas. Farrowings in these 10 States account for 77 percent of the 1961 total United States pig crop.

Sows farrowed, in the 10 States during June through August, are estimated at 2,389,000 head. This is 4 percent more than for this period a year earlier, and 16 percent above average. This is only slightly more than was indicated for this period in June. June through August farrowings for these 10 States represent 52 percent of the estimated June through November total, same as in 1961 and 1 percentage point below the average of 53 percent. Farmers' reports indicate that the number of sows farrowed in June was less than a year earlier with July and August farrowings exceeding those of a year earlier. Farrowings during these 3 months were larger than for the same period a year earlier in Kansas, Missouri, South Dakota, Illinois, Iowa, Ohio, and Indiana, but smaller in Wisconsin and Nebraska.

Sows bred and intended for farrowing in September through November this year in the 10 States totaled 2,245,000 head, 4 percent more than a year earlier and 23 percent above average. This number is 33,000 head more than the farrowing intentions reported for these States in June.

Reported breeding intentions indicate 1,912,000 sows to farrow during the 1963 winter quarter (December-February), compared with 1,830,000 sows

farrowed during the same period a year earlier. This is an increase of 4 percent. All States indicate more sows to farrow during this quarter than a year earlier. Increases are South Dakota, 18 percent; Minnesota, 10 percent; Ohio, 7 percent; Indiana and Wisconsin, each 6 percent; Nebraska, 5 percent; Missouri, 4 percent; Illinois, 3 percent; Kansas, 2 percent; and Iowa, 1 percent.

The number of all hogs and pigs on farms September 1, 1962, in the 10 States totaled 50,520,000 head. This is only slightly more than the 50,370,000 on hand a year earlier. Increases in 6 of the States ranged from 1 percent in Ohio and Illinois to 7 percent in Kansas, and were partially offset by decreases in the remaining 4 States. Decreases ranged from 1 percent in Iowa and Nebraska to 4 percent in Wisconsin. Hogs and pigs 6 months old and over totaled 10,032,000 head, 1 percent more than last year.

The number under 6 months of age totaled 40,488,000, slightly more than a year earlier. Pigs under 3 months were 4 percent above a year ago, and about the same as the percentage increase in the number of sows farrowed during the June through August period. A decrease in the average size of litters as compared with a year earlier was offset by an increase in inshipments of feeder pigs to these 10 States. The 16,963,000 under 3 months of age accounted for 34 percent of all hogs and pigs compared with 33 percent a year ago. The number of hogs and pigs 3 through 6 months of age was 2 percent less than last September 1. The 23,525,000 head in the 3 through 6 months age group comprised 47 percent of the September 1 total as compared with 48 percent a year ago.

R. E. Schooley  
*Statistical Reporting Service*

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# WHAT IT COSTS TO MARKET FARM FOODS

The farm food marketing bill was \$41.4 billion in 1961. It has risen by almost three-fourths since 1950. Increases in quantity of food products marketed, and more and costlier marketing services per unit of product have contributed almost equally to the rise.

The marketing bill is the estimated total cost of assembling, transporting, processing, wholesaling, and retailing domestic farm-grown foods bought by civilian consumers in this country.

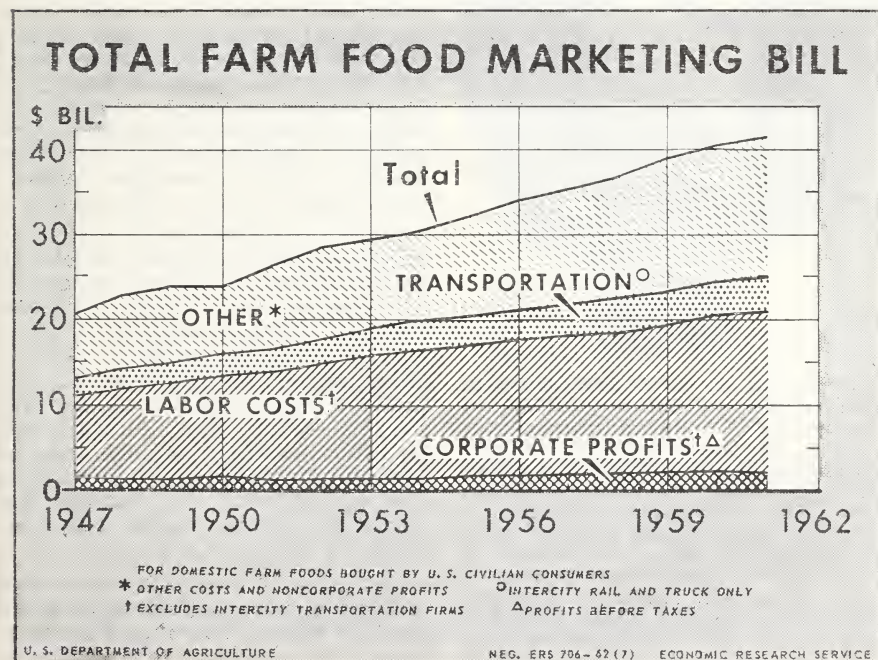
Labor costs are the largest single component. They were estimated at \$19 billion in 1961, a rise of 60 percent since 1950. Factors in the increase were about three parts greater volume marketed and two parts higher unit labor costs which reflect rising wage rates and supplements.

Transportation charges by railroads and motor carriers were over \$4 billion in 1961. They increased by two-thirds from 1950 to 1961. Higher rates, increased volume, and longer hauls all played a part.

Profits before taxes of corporate food marketing agencies in 1961 were \$2 billion, 25 percent higher than in 1950, but remained close to 5 percent of the marketing bill during the period. Corporate profits after taxes were about half as large as profits before taxes.

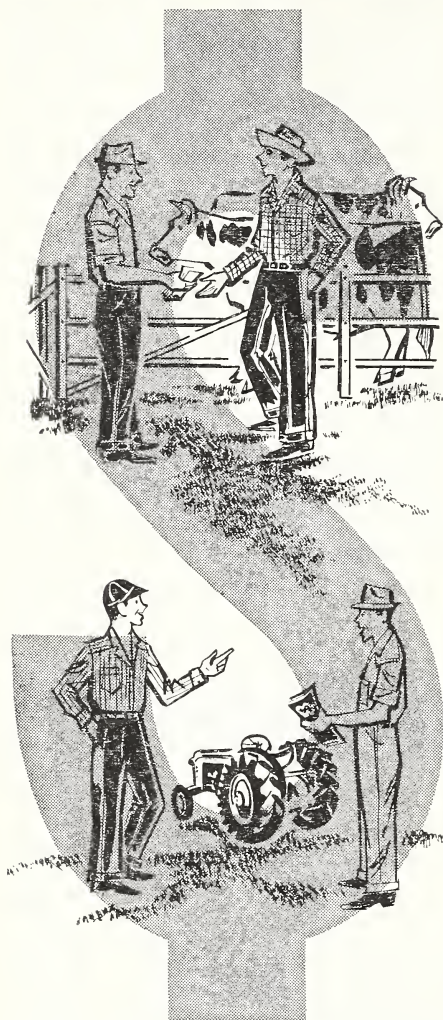
Other costs, a residual which includes noncorporate profits, reached \$16 billion in 1961, or 39 percent of the marketing bill as compared to 33 percent in 1950. Costs included are those incurred by marketing agencies for fuel, electric power, containers, packaging materials, air and water transportation, advertising, depreciation, interest, taxes, rent, repairs, and many other items. While the total marketing bill has increased by almost three quarters since 1950, other costs, as a group, have doubled, and the individual items of rent, depreciation, and interest have tripled or nearly so.

Jeannette Findlay  
Economic Research Service



For 1962 . . .

## THE BALANCE SHEET OF AGRICULTURE



The value of farm assets rose to \$207.3 billion on January 1, 1962, an increase of \$7.3 billion from a year earlier. The increase resulted chiefly from rising prices for farm real estate. Farm debts also increased, though less than assets. The equities of farm operators and other owners of farm assets reached \$179.6 billion on January 1, 1962, up \$5.1 billion from January 1, 1961. Gross farm income of about \$40 billion was nearly \$2 billion higher in 1961 than in 1960. Although expenses rose, the realized net income of farm

operators increased by more than \$1 billion, or close to 10 percent.

The higher farm income in 1961, which resulted from strengthened markets for farm products and from Government payments to farmers under the feed grain program, eased the current financial position of farmers. Payments on farm mortgage debts were somewhat higher in 1961 than in 1960, and currency and bank deposits owned by farmers, which had dropped in both 1959 and 1960, leveled off during the year.

Improved farm income gave an added boost to the farm real estate market. Prices of farm real estate rose 5 percent in 1961 compared with only 1 percent in 1960 and 3 percent in 1959. The sharp rise in farm real estate prices accounted for about \$6 billion of the \$7 billion increase in total value of farm assets.

Inventories of livestock and crops also increased substantially in value during 1961. Numbers of both cattle and hogs increased, and prices, particularly of cattle, were higher at the end than at the beginning of the year. The values of the sheep and poultry on farms declined in 1961, but the gains in cattle and hogs more than offset this decline. Crop inventory values were boosted chiefly by increased farmer-owned stocks of cotton and soybeans.

Gross expenditures by farmers for farm machinery and motor vehicles in 1961 totaled \$3,148 million, up slightly from 1960 expenditures but well below the peak outlays recorded in 1951. Estimated depreciation charges amounted to \$3,466 million in 1961, and exceeded gross expenditures for the third consecutive year. Although depreciation exceeded expenditures in 1961, farm machinery inventory values rose 0.2 percent. The increase reflected the slightly higher prices at which the inventory was valued.

The value of household furnishings and equipment on farms declined about one-half billion dollars, or 6 percent, during 1961, according to revised esti-



mates which take into account the new census definitions of farms and of the farm population. This was about the same rate of decline as in 1960 but was more rapid than in the late fifties, principally because of the increased rate of decline in the farm population. On a per farm basis, the value of household furnishings and equipment has been rising, reflecting purchase of more or better appliances and other household items by farmers. However, this increased value per household has been more than offset in the aggregate by the decline in the number of farm households.

Liquid financial assets held by farm people were the same at the end as at the beginning of 1961—\$13.3 billion. A small decrease in U.S. savings bonds was offset by an increase in time deposits.

The estimated cash value of United States savings bonds held by farm people declined from \$4.6 billion on January 1, 1961 to \$4.5 billion at the end of the year. Series E bonds, which make up more than four-fifths of farm holdings, declined 4 percent. This mainly reflects the decrease in the farm population during the year.

Net investments of farmers in their cooperative associations totaled \$4.5 billion on January 1, 1962. This represented an increase of 5.5 percent from the previous year, about the same rise as in the preceding 12 months, but less than the average increase in the years 1955 to 1960.

Of the total investment of \$4.5 billion, about 50 percent was invested in marketing and purchasing associations and 16 percent in rural electric cooperatives. About 20 percent was in cooperative credit institutions.

Farm debts increased during 1961 from \$25.5 billion at the beginning to \$27.7 billion at the end of the year. Half the increase—\$1.1 billion—occurred in real estate debt with the sharp rise in volume of farm mortgage lending in 1961. A growing number of the loans involved increased advances to existing borrowers who were expanding their operations. Farm debts owed to the Commodity Credit Corporation (CCC) increased about \$0.5 billion in 1961, and non-real-estate debts owed

to other reporting lenders as a group (banks, production credit associations, other institutions that rediscount loans at the Federal intermediate credit banks, and the Farmers Home Administration) rose about \$0.6 billion. The increase in debt to the CCC chiefly reflected a greater volume of price-support loans on cotton and soybeans. The growth of non-real-estate farm debt to other lenders was related to the continued upward trend of farm production expenses.

Farm debts on January 1, 1962, were equal to 13.4 percent of the value of farm assets; this ratio in 1940 was 18.9 percent, and in 1950 it was 9.5 percent. Equities of farm operators and other owners were equal to about 87 percent of the value of farm assets on January 1, 1962.

The value of assets used in farm production reached \$162.5 billion on January 1, 1962, up \$6.8 billion from a year earlier. More than three-fourths of this investment was in land and service buildings; non-real-estate assets, chiefly livestock and farm equipment, totaled \$38.8 billion.

Because of the continued advances in aggregate values of productive assets used in farming and the continued decline in the number of farms, the average investment per production unit has increased sharply in recent years. At the beginning of 1962, production assets per farm averaged \$47,632, and per worker, \$23,259, increases of 8 and 6 percent, respectively, from a year earlier. Over the latest 3-year period, investment in production assets per farm has increased 19 percent, and per worker, 15 percent.

After reaching a low point of 3.4 percent in 1959, the rate of return on total productive assets used in farming (after allowances for family labor) increased to 4.2 percent in 1960, and to 5 percent in 1961. This rate was about equal to the 1940 rate of 5.2 percent. Total farm income available as a return to capital and labor has increased considerably. At the same time, the portion of the total return assignable to labor has remained relatively constant.

*Excerpts from AIB No. 270. Selected by Fred L. Garlock, Economic Research Service.*

# TURKEY CROP SMALLER

Producers are raising 91.8 million turkeys in 1962—15 percent less than last year's record crop of 108.1 million birds.

Heavy breed turkeys raised are expected to total 83.1 million, compared with 95.4 million a year earlier. All regions of the country except the West showed decreases. The decreases were 22 percent in the West North Central, 20 percent in the South Central, 14 percent in the North Atlantic, 13 percent in the East North Central, and 4 percent in the South Atlantic regions. In the Western regions 1 percent increase is expected. The heavy white turkey crop in 1962 is estimated at 38 percent of all heavies, compared with 34 percent last year and 22 percent 5 years ago.

By geographic regions, heavy white turkeys as a percent of all heavies are 59 percent in the East North Central, 57 percent in the North Atlantic, 44 percent in the South Atlantic, 43 percent in the West North Central, 23 percent in the West, and 22 percent in the

South Central States. The proportion of light breed turkeys being raised has steadily declined during the past few years. The number being raised in 1962 is expected to total 8.6 million—down 32 percent from 1961.

This year California is the leading State in turkeys raised with 18.1 million, followed by Minnesota, with 14.9 million; Iowa, 7.8 million; Wisconsin, 5.5 million; Texas, 4.1 million; and Virginia and Missouri with 4.0 million each.

The early season hatch, September 1961 through March 1962, was 31 percent below a year earlier. The hatch, April through July 1962, however, was only 7 percent below a year earlier. Until mid-July turkey-feed price ratios had been below the same month a year earlier since December 1960. Prices received by producers for the turkeys were below the corresponding month a year earlier during this same period.

R. F. Moore  
*Statistical Reporting Service*

## Farmers Home Administration

### Lending At Record Level

In fiscal 1962, which ended June 30, the Farmers Home Administration loaned farm and other rural families a record \$637 million.

This was the largest volume of loans during any 12-month period in the agency's history. It topped by 61 percent the 1961 total of \$396 million, and was 106 percent above the \$309 million loaned in 1960.

About 205,000 families used Farmers Home Administration credit during the year, 12 percent more than the year before.

Repayment by borrowers during the year totaled \$336 million in principal and interest. This compares with repayments of \$307 million last year, and a similar amount in 1960. About 22,000 borrowers repaid their loans in full during fiscal 1962.

Of the \$637 million loaned by Farmers Home last fiscal year, \$275,360,000

went to 74,741 farmers to buy equipment, livestock, fertilizer, pesticides, feed, tractor fuel, and other supplies for farm and home.

Ownership loans, amounting to \$183,008,000, were made to 11,788 farm families to buy, develop, or enlarge their farms.

Housing loans totaling \$96,428,000 went to 11,349 borrowers to build or improve houses and service buildings on farms and in rural communities.

Emergency loans amounting to \$63,340,000 were made to 20,861 farmers.

Water development and soil conservation loans totaling \$15,878,000 went to 953 individual farmers and 100 associations serving approximately 5,400 persons. Watershed loans amounted to \$3,332,000.

Farmers Home Administration loans are made only to applicants unable to obtain needed credit from conventional lenders.



# ONE-THIRD CENTURY OF JUNE MILK COW ESTIMATES

This, the Centennial year of the United States Department of Agriculture, also coincides with one-third of a century of June milk cow estimates. Crop Reporting Board estimates for milk cows on farms in June date back to 1930. During this period many changes have occurred which are reflected in milk cow numbers.

But first, the current situation and then the history. Milk cows on farms in June 1962 are estimated at 17.3 million head. This number is down about 1 percent from June last year, and follows a similar decline from 1960 to 1961.

The reduction in June milk cow numbers is widespread, as each regional total is down from a year earlier. The largest decline occurred in the South Atlantic Region—down 2.6 percent; and the smallest, in the West North Central States—down only three-tenths of a percent. States with reductions in milk cow numbers of 10 thousand or more are: Ohio, Nebraska, Mississippi, Kansas, Virginia, Indiana, and Texas. By contrast, milk cow numbers increased in only 7 states—New York, Michigan, Minnesota, Missouri, North Dakota, Tennessee, and Utah. In New Hampshire, Vermont, Wisconsin, and Arizona milk cow numbers are unchanged from 1961.

Now for a look at the history of June milk cow numbers from 1930 when the series began with 22.2 million head. During the early thirties, mid-year estimates of milk cow numbers advanced steadily through 1934, when 25.4 million head were on hand. Then numbers declined each year through 1938, with 23.2 million on farms in June of that year. Milk cow numbers showed an upturn again in 1939 and continued to increase during the early forties. The June inventory in 1944 reached a record high for the month of 25.6 million head.

Since the June peak in 1944, the number on hand has declined each year, with the exception of 1953. From 1944 to 1962, the number of milk cows declined one-third. Associated with

this decline, the number of farms keeping milk cows is now less than 40 percent of the 1944 level. However, with one-third less milk cows, June 1962 milk production was nearly as much as in 1944.

The rate of decline in milk cow numbers since 1944 has differed by regions. Since 1944, cow numbers have declined the least in the North Atlantic Region, where the June 1962 estimate was down 11 percent. This region now ranks third in numbers in the United States, compared with fourth in 1944. Milk cow numbers are down 22 percent in the Western Region and 26 percent in the South Atlantic Region.

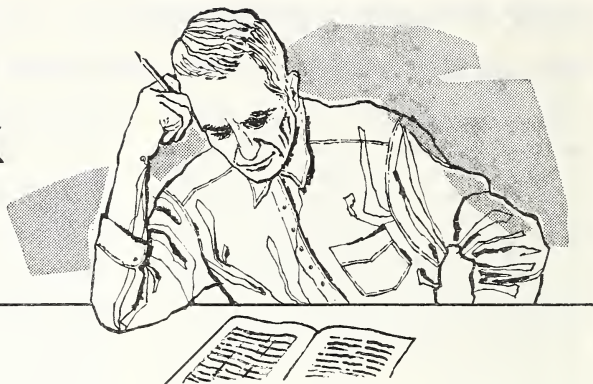
Ranking second in 1944, the East North Central currently has more milk cows than any other region, with one-fourth of the total, although the decline from 1944 to 1962 was 31 percent. With the most milk cows in 1944, the West North Central Region now ranks second in total number, after a decline of 40 percent. The South Central Region's rank of third in 1944 has now dropped to fourth. The 46 percent decline in milk cow numbers from 1944 in this region was the largest of any area.

In comparing the 10 leading States in 1944 with those in 1962, Wisconsin and Minnesota have retained their respective position as first and second in number of milk cows. These 2 States, followed by New York, Pennsylvania, Iowa, California, Missouri, Ohio, Michigan, and Illinois make up the top 10 in milk cows in 1962. With the exception of California, all these States were among the first 10 in 1944. The 10 leading States accounted for 52 percent of the June milk cows in 1944, compared with 56 percent in 1962.

K. D. Ackers  
*Statistical Reporting Service*



# outlook



## DAIRY

Milk production in 1962 may be about 126.5 billion pounds compared with 125.5 billion in 1961. A small decline in milk cow numbers this year and a continued rise in production per cow point to higher milk production in 1963. Total consumption of milk and dairy products is expected to show an increase for 1962, but consumption from commercial outlets may drop below a year earlier.

## CATTLE

There will be some increase in supplies, along with increased production of beef from grass cattle. This is expected to result in moderately lower prices this fall than late summer. Feeder cattle prices are expected to adjust downward in line with the change in fed cattle prices. Prices of stocker-feeder calves may hold more nearly steady than cattle prices.

## SHEEP

Lamb prices are expected to hold steady in November as slaughter declines with the close of the fall peak marketing period.

## FEED GRAINS

Both domestic use and exports of feed grains reached new record-high levels in 1961-62 and probably will continue large in 1962-63. Feed grain production probably again will fall substantially below total disappearance, result-

ing in a further reduction in feed grain stocks at the close of the 1962-63 marketing year. Feed grain prices this fall and winter may average fairly close to the levels of those periods in 1961-62.

## EGGS

In the first 7 months of 1962, the Nation's farms turned out 2 percent more eggs than in the same period last year. Output in the rest of the year likely will drop back close to, but may remain above, the 1961 level. A higher rate of lay is likely to at least offset a smaller number of layers in the last quarter.

## TURKEYS

Growers this year will raise about 15 percent fewer turkeys than in 1961. However, poult hatchings indicate that turkey slaughter in the last quarter may be down only about 5 percent. Stocks on September 1, at 160 million pounds, were 29 million less than the record holdings of a year earlier.

## VEGETABLES

Frozen vegetables will be plentiful in the 1962-63 season, with supplies probably a little larger than a year earlier. Overall supplies of canned vegetables are expected to be significantly larger than last season, with most of the increase likely to be in tomato items. Production of late-crop potatoes is moderately smaller than the burdensome crop of 1961 but still in excess of normal trade needs.

The 1962 crop of noncitrus fruits is expected to be 2 percent below the 1961 crop but 4 percent above the 1951-60 average. Production of pears and cranberries is larger, that of grapes about the same, and that of apples smaller than in 1961. Tree nut production is expected to be down sharply from last year—only walnuts show an increase.

Supplies of flue-cured and burley—the two big-volume types—for 1962-63 will be about 2 percent larger than for 1961-62. Consumption of cigarettes and cigars in 1962 is expected to top 1961; declines are indicated for smoking tobacco, chewing tobacco, and snuff.

*(Continued on page 13)*

## 1961 POTATO CROP UTILIZATION

### Continued Increase in Processing

One out of every four bags of potatoes produced in 1961 went to processors. Processing plant receipts from the 1961 crop increased 23 percent over a year earlier with the sharpest increase shown by starch and flour plants, reflecting the government's expanded diversion program. Sales for table stock increased 4 percent and continued to account for the bulk of the crop. However, the portion of the crop sold for table stock was the smallest since estimates started—52.7 percent compared with 58.0 percent the previous year. The diversion program resulted in a threefold increase in sales for livestock feed. Seed sales declined moderately in line with the reduction in acreage for 1962. Thus, distribution of sales tended to shift from fresh market and seed to processing and livestock feed with total sales accounting for 88.6 percent of production compared with 88.8 percent from the 1960 crop.

Since estimates of utilization started with the 1956 crop, there has been a 68 percent increase in movement to processors. Total utilization by processors amounted to 72.5 million hundredweight from the 1961 crop against 43.1 million from the 1956 crop. In contrast, sales for table stock increased only 6 percent—from 146 million hundredweight in 1956 to 155 million hundredweight from 1961 production. This moderate increase in fresh consumption was in contrast to a 21 percent range in production, from 243 million in 1957 to 294 million hundredweight in 1961.

Processing of potatoes into food products has increased each year and

the 52.0 million hundredweight processed from the 1961 crop was more than double the 24.7 million processed during the 1956 season. Purchases by starch and flour plants have varied sharply with year to year fluctuations in production. These plants utilized 20.5 million hundredweight during the 1961 season compared with 10.2 million from the 1960 crop; 7.7 million from 1959 production; and 18.4 million from the 1958 harvest.

Chips continue to be the most popular processed food product from potatoes. Almost 22.6 million hundredweight of potatoes were made into chips and shoestrings from the 1961 crop. This was half again as many as five years earlier.

Next in volume of potatoes utilized and increasing rapidly are frozen products. Frozen French fry processors took 15.9 million hundredweight and another 2.2 million went into frozen patties, whole potatoes, etc., for a total of 18.1 million hundredweight to frozen products. This was almost four times the 1956 amount.

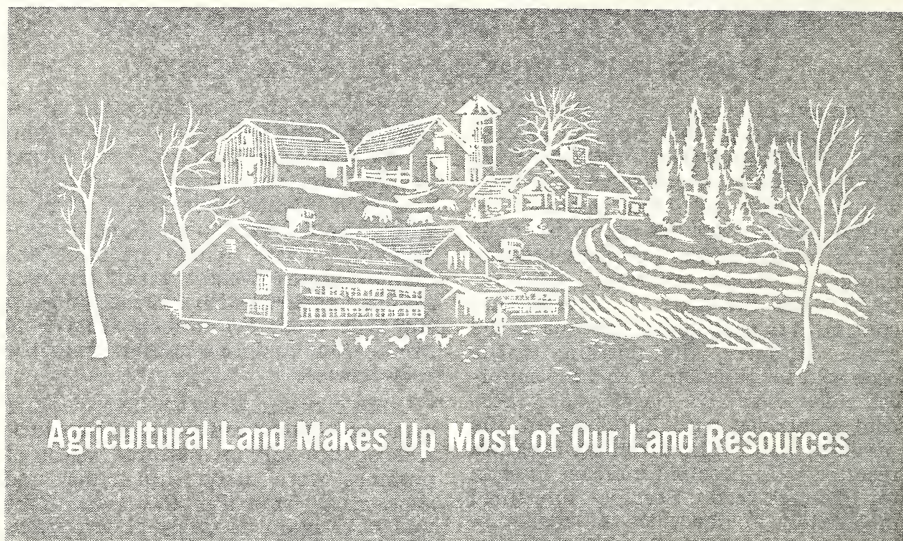
Dehydrated products (mostly granules and flakes for instant mashed potatoes) have gained popularity rapidly in recent years. These products accounted for 8.5 million hundredweight of the 1961 crop. This was 1.5 million less than the record high used from the 1960 crop but was more than two and one-half times the 1956 level.

The balance of potatoes processed, amounting to 2.8 million hundredweight, were canned or used in canned soups, hash, or stews.

W. Grant Lee  
*Statistical Reporting Service*



# OUR AGRICULTURAL LAND



## Agricultural Land Makes Up Most of Our Land Resources

Although most of our people live in the city, most of our land resources are in the country. And most of our renewable natural resources are on agricultural land, privately owned.

Major shifts in people and land have followed two parallel trends in the past century. A hundred years ago, four-fifths of the United States population lived in rural areas; now less than a tenth do. Meantime, land has moved from Federal to private ownership.

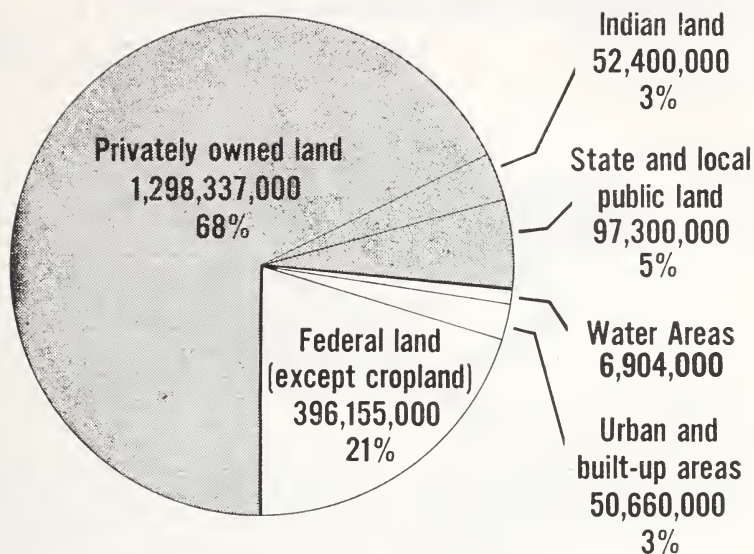
In 1860, about 46 percent of the U.S. mainland (now the 48 States) was in the Federal public domain. Now Federal holdings are only 21 percent.

Private agricultural land produces practically all of the Nation's food and most of its fiber. By its very size, this segment of the land area catches most of the rainfall that provides our water, harbors most of the wildlife, and pro-

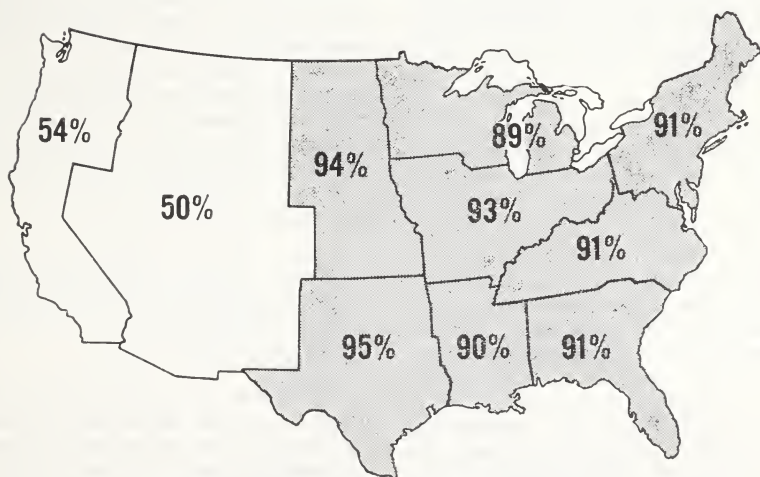
vides most of the outdoor recreational facilities.



This Inventory of the Nation's agricultural land resources is concerned specifically with all rural land not in Federal ownership. It includes privately owned land, Indian land, and land owned by States, counties, and municipalities. It also includes the small acreage of cropland owned by the Federal Government. The U.S. Department of Agriculture (USDA) is authorized to assist with conservation and land use programs on all this land. The USDA, as well as the owners and other land-planning agencies, needs accurate information on the capabilities, uses, and conservation needs of these land resources.

*From AGRICULTURAL LAND RESOURCES: capabilities · uses · conservation needs, National Inventory of Soil and Water Conservation Needs, AIB 263, 1962.*



 Included in the Inventory, 1,448,037,000 acres  
 Excluded from the Inventory, 453,719,000 acres

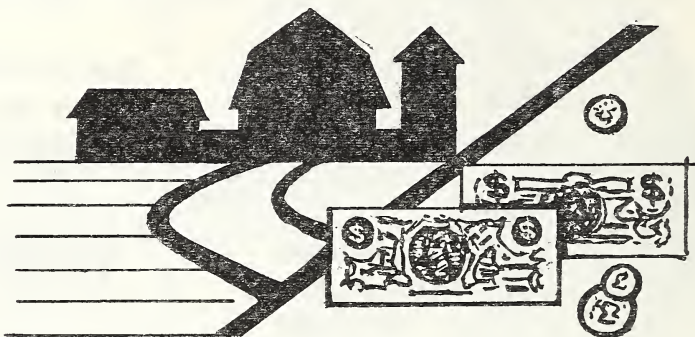


 About 50 percent agricultural land  
 About 90 percent agricultural land



# Taxation . . .

## OF TANGIBLE PERSONAL PROPERTY USED IN AGRICULTURE



Agriculture is an industry that requires relatively large amounts of real and personal property and is, therefore, vulnerable to the levying of property taxes. While property is subject to taxation in all 50 States, in no 2 States are the property tax laws identical. The result is that the tax treatment accorded to different kinds of property varies from State to State, and from locality to locality within many States. Whether any specific property is to be placed on the tax roll is, therefore, determined largely by the item's geographic location.

These interstate variations result from differences in the exemptions permitted by the separate States, as the property tax is generally based upon the principle that all real and personal property is subject to taxation unless expressly exempted.

As far as tangible personal property used in agriculture is concerned, the tax differences range from complete exemption in Delaware, Hawaii, New York, and Pennsylvania to no exemptions in Rhode Island, Illinois, Missouri, Arkansas, Montana, and Nevada. Alaska permits real and personal property located within the corporate limits of a municipality to be taxed. Farm property located outside of these municipalities is presumably exempt.

The tax status of farm personal property in the remaining States is not so clearly defined. Some categories of

farm property are completely exempted in several States and are taxed in others. In other instances, partial exemptions are granted through such varying methods as excusing some part of the valuation from the tax roll or, in the case of livestock, not taxing animals under a certain age on the day of assessment. For example, all livestock are exempt in Louisiana; Kansas confines the exemption to those animals under 6 months old; and Ohio exempts \$100 of the assessed livestock valuation from the tax roll. In a few States property is exempt from taxes levied by one level of government if they are subject to taxes by some other governmental unit. Thus, farm machinery and tools are exempt from local government levies in Kentucky but are subject to State property taxes.

These exemptions are more fully described in a recent Department of Agriculture publication titled: *Taxation of Tangible Personal Property Used in Agriculture* (ERS-86).

There are interstate administrative differences that also affect the amount of taxes levied on specific properties. In general, the tax levied on property is supposed to represent the same proportion of the value of the property in every instance. Value is usually defined as the price the property would bring in a fair market sale between a willing buyer and a willing seller.



However, several States do not follow this general procedure, employing in its place some form of classification of property for tax purposes. The aim of classification is to permit the tax on the different categories of property to represent different proportions of market value in contrast to the general rule of proportionate taxation employed in most States. The different tax rates are achieved in several ways. West Virginia lists all taxable property in one of four classes, assesses all property at its "true value" and then permits differing rates to be applied to the separate classes. Tangible personal property used in agriculture is placed in the class with the lowest maximum rate.

Virginia permits its local governments to classify property with the purpose of imposing varying rates of tax. Counties receive explicit permission to classify machinery, tools, or livestock. In contrast to West Virginia, classification is not mandatory but is left to the discretion of the unit concerned.

The States of Minnesota, Montana, New Jersey, and Ohio classify property by having the various categories of property placed on the tax roll at differing percentages of their full value. For example, in Minnesota stored crops and seed in the hands of the producer is placed on the tax roll at 10 percent of its full value, while farm machinery and tools are listed at 20 percent. One overall tax rate is applied in each locality to these fractional assessments with the result that the tax per \$100 of full value will vary between classes.

Knowledge of these interstate differences may be useful to those farmers wishing to modify their own tax laws. Projections of recent trends indicate that farms will require even larger amounts of tangible personal property, such as machinery, in the future and will be even more vulnerable to property taxes than they are now. However, in light of recent studies suggesting that State and local governments will require larger revenues than they are now raising, any proposals to modify existing tax laws must take into account the effects of changes upon these governments' finances.

Harvey Shapiro  
*Economic Research Service*

## Outlook continued



### FATS AND OILS

Supplies of food fats and oils for the marketing year beginning October 1 are expected at a record 16.3 billion pounds, nearly 3 percent more than the 1961-62 record. Most of the increase is attributed to soybeans and butter. Domestic disappearance of food fats is expected to rise in 1962-63 about in line with the growth in population. Current prospects indicate that exports probably will rise 10 to 15 percent above the 4.3 billion pounds in 1961-62. Prices received by farmers for 1962 oil-bearing crops probably will average a little below the year-earlier level, primarily reflecting slightly lower CCC support rates.

### BROILERS

Growers received 15.2 cents per pound in June-September, 2.8 cents more than in the same months of 1961. This reflects a reduction of about 5 percent in per capita supplies, a stronger export demand in the first half of this year, higher retail prices for red meats, and, more recently, greater USDA purchases for school lunches. The favorable prices triggered a rapid expansion in broiler production; this could result in much lower broiler prices than a year earlier in late 1962 and early 1963.

### WHEAT

Prices in 1962-63 are starting from a high level and may therefore show little seasonal advance. With the tight supply situation, prices are likely to average above the effective price support level for the entire year.

### COTTON

A larger crop this year than last is primarily a reflection of higher yields, as the harvested acreage is expected to be up only 100,000 acres from 1961. The President has directed USDA to formulate a cotton program to eliminate the difference in cost of cotton between foreign and domestic mills.

# THE 1962-63 OUTLOOK FOR LARD

Production of lard during 1962-63 is expected to drop a little, thereby resulting in (1) firm lard prices, (2) less lard used in the manufacture of shortening, and (3) little change in exports.

Lard output (including farm) in the marketing year, which began October 1, 1962, is forecast at 2,475 million pounds, about 1 percent less than in 1961-62. Annual changes in lard production are closely associated with changes in the number of hogs slaughtered. Other factors that influence total output are the live weight of the hogs and lard yield per hog.

Yields of lard per hog slaughtered commercially generally trended downward during the last decade or so, dropping from an average of 33.6 pounds per animal in 1950-51 to 30.0 pounds in 1961-62. Average live weight of hogs killed during the same period declined also—from 241 pounds to 236 pounds. Lard yields during the current marketing year are expected to continue low, averaging close to the 30 pound level of 1961-62.

Domestic disappearance of lard (including farm) in 1962-63 is forecast at 2,000 million pounds. This would be a shade under last year and mainly reflects the prospect of reduced consumption of lard in the manufacture of shortenings. The direct use of lard as such during 1962-63 probably will total about 1,400 million pounds, about the same as the year before, and another 100 million pounds may be used in margarine and other edible outlets. This will leave about 500 million pounds of lard for use in shortening manufacture, about 10 percent less than that consumed in 1961-62.

It is in the manufacture of blended shortenings that lard competes with other edible fats and oils, mainly soybean oil. Because of the interchangeability of these fats and oils in the production of shortening, the relative prices of the raw materials primarily determines the quantities used in this market outlet. During most of 1962-63 lard probably will be more expensive relative to soybean oil than it has been

in the past marketing year, and the use of lard in shortening may be off some.

Lard prices (tanks, loose, Chicago) during 1961-62 remained unusually stable, the monthly average varying between 8.3 and 9 cents per pound. Prospects are that they will continue relatively steady in 1962-63, averaging roughly 9 cents per pound for the year compared with 8.5 cents in 1961-62.

Exports and shipments of lard in 1962-63 are forecast at 500 million pounds, about the same level as last year and will represent about one-fifth of our lard output. Our important foreign market outlets for lard have narrowed down to the United Kingdom. This situation has resulted from (1) the loss of the Cuban market; (2) expanded production abroad; (3) competition of vegetable oils; and (4) the increasing number of trade barriers. During the 1961-62 marketing year just ended the United Kingdom accounted for over 80 percent of the total U.S. lard moving abroad.

U.S. lard is facing tough competition in the European markets. The European Economic Community (also known as the Common Market) plans to increase the external tariff on lard from 10 to 20 percent, a move that would price U.S. lard out of that market. Already the Common Market as a whole is a net exporter of lard, with West Germany the only substantial net importer and with the Netherlands and France becoming larger exporters each year. Even with the present duty averaging about 10 percent, U.S. exporters are feeling the pressure, and they will feel it more as the internal EEC duty on lard is gradually reduced to zero.

George W. Kromer  
*Economic Research Service*

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## The Farmer's Share

In July 1962 the farmer's share of the consumer's food dollar was 38 cents, the same as it was in June. In July 1961, the farmer's share was 37 cents.

# Meet The State Statistician . . .



## ALAN R. MILLER

"This is the only State in the Union where you can look up the chimney to see the cows come home," says Alan R. Miller, statistician in charge in West Virginia.

An exaggeration, of course, but a witty observation on his State-full of little mountains. West Virginia has 42,000 farms, operated mostly on a part time, or part retirement basis. Commercial farms total 12,000 and are mainly livestock and grass, or poultry and egg enterprises.

Al Miller is not a native West Virginian but didn't miss by much. He was born in the town of Woodstock in Shenandoah County, Virginia. At Eastern High School in Washington, D.C., he played football as an end and ran the quarter mile and half mile in track.

Early farm experience came through summers at grandfather's farm in Rockbridge County, Virginia. A place, by the way, adjoining that historic property where Cyrus McCormick demonstrated his first horse-drawn reaper in 1831 (later patented in 1834).

Miller went to the University of Maryland, where he met his wife, Virginia, a Baltimore girl. He graduated with a degree in agricultural economics in 1940 and went into the Marine Corps as an antiaircraft artillery officer. During his 6½ years in the service, he spent 4 years in the Pacific theater, and participated in seven major engagements against the Japanese. The light cruiser, *Nashville*, and the famous carrier, *Enterprise*, were ships on which Miller saw action.

In 1946 Major Miller got out of uniform and went to work as a USDA statistician in College Park, Md. Post-war college work had to be part-time, but he managed a master's degree by 1950, again in agricultural economics but with a minor in statistics. In 1951 he was sent to the Missouri State office in Columbia, and in 1954 moved again—this time to Harrisburg, Pa., as No. 2 man. On May 4, 1958, he became statistician in charge in Charleston, West Virginia.

Miller, a man with five sisters, has a predominantly male family today. He has 2 boys, John, 16, a junior in high school, and Jim, 18, who is taking "pre-med" at Ohio University.

Al Miller is not a joiner in the sense of belonging to a lot of organizations, but he is an active citizen in his community.

"Scout and church activities are enough to keep us busy," he admits. In the long run State statisticians are just regular people, too.





Growth Through Agricultural Progress

**October 1962**

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